

I will not be chairing additional hearings because my 30 years in the Congress will be done at the end of this month. It has been a great privilege to be here. But as one can tell, I believe passionately in this issue, about our Federal deficits, about spending, about accountability, but most especially about doing things that support the soldiers we ask to go to war.

This has been an abysmal record. In this decade, the amount of money spent on contractors—in many cases with no-bid, sole-source contracts that were negotiated under the most abusive conditions and in violation, in many cases, of rules, according to the highest civilian official in charge of contracting—has been a disgrace. This country needs to do much better.

The work I and a number of my colleagues did holding these hearings has in many ways held up a spotlight and tried to shine it on the same spot. We have cajoled, embarrassed, and pushed, and I think we have made some progress. But so much more needs to be done and can be done. My hope is this work will continue.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENDING TAX CUTS

Ms. COLLINS. Madam President, unless Congress acts, this new year will begin with the imposition of an onerous new tax burden for American families. They will face an automatic tax increase of nearly \$2.7 trillion—one of the largest tax increases in history—when the 2001 and 2003 tax laws expire.

This tax increase will hit all American earners regardless of their income level and regardless of whether they are married or single, retired or working or salaried or hourly employees.

It is my judgment that the 2001 and 2003 tax relief laws should be extended for all Americans. With the economy still weak, and with unemployment persisting at nearly 10 percent, now is not the time to be raising taxes on anyone.

Some argue that Americans in the higher tax brackets should not be protected from this tax increase. But that argument for higher taxes come January 1 ignores the fact that a tax increase on top earners is a tax increase on small businesses and, thus, a tax on jobs at a time when we should be doing everything possible to stimulate the creation of more jobs.

As you are aware, most small businesses are passthrough entities. They are sole proprietorships, partnerships or S corporations that must report their earnings on their owners' indi-

vidual tax returns. According to the Joint Committee on Taxation, there are some 750,000 passthrough small businesses in the top two tax brackets. Higher taxes hurt these small companies by taking away capital they need to grow and to add jobs.

In Maine, there are numerous small businesses that would be hurt by this tax increase. One is D&G Machine Products, a precision design machining and fabrication operation located in Westbrook, ME. Founded in 1967, this company now has more than 130 highly skilled and dedicated employees. When I visited this company in August, the owner, Duane Gushee, expressed to me his concerns about the impact higher taxes would have on his growing business. He explained that D&G competes with companies all over the world for markets and customers. Without constant innovation and investment in cutting-edge technology, D&G would lose its customers and the jobs of its employees would be in jeopardy. The tax increase that would go into effect unless we act would hit D&G on January 1 and would take money out of its bottom line—money that is needed to upgrade its equipment and stay ahead of foreign competition.

Another business that would be hit hard is Pottle's Transportation, a trucking company headquartered in Hermon, ME. This company was founded in 1972 and now has more than 200 employees with 150 trucks.

Barry Pottle, who runs this business, tells me that Pottle's needs to purchase 25 to 30 trucks every year just to maintain its fleet. New trucks used to cost the company about \$100,000. But in the past few years, the cost has escalated by another \$25,000. The tax increase scheduled for January 1 would make it difficult, if not impossible, for Barry to make these investments.

Other Maine businesses have come forward to highlight the impact a tax increase would have on their ability to grow their businesses and to add much needed jobs.

One of these is Allagash Brewing Company, a craft brewery located in Portland, ME. Founded in 1994, Allagash has grown to 28 employees and has established a reputation for uncompromising quality as one of the finest producers of Belgian-style beers in North America.

Similar to most small businesses, Allagash relies on its retained earnings to finance investment and growth. As Rob Tod, the co-owner of Allagash puts it:

There's plenty of demand for our product, but we can't fill demand without equipment, and we can't buy equipment without money.

When small businesses cannot invest and grow, they cannot add jobs, and that is what our focus needs to be on: the creation of policies that will help the private sector to create jobs.

Rob estimates that every 1 percent increase in Allagash's tax rate means one fewer worker for 5 full years. Stated another way, the tax increase slated

to occur on January 1 would wipe out jobs for five workers for 5 years just at this one brewery. If that is the impact at one small business in Portland, ME, imagine what the impact would be on jobs lost nationwide.

Other small businesses in my home State have expressed their frustration at the uncertainty Washington is creating by leaving these tax hikes hanging over their heads. As one small business starkly put it to me:

The increases in personal taxes reduce the amount of money I have available for investments of all kinds. I am not investing in my business. I am not hiring workers. I am not considering starting anything new. I am waiting. There is no way to know what Washington is about to do to me, but I expect it will be nasty and brutally unfair. In response, I am holding my ground and preparing for the worst.

That is an exact quote from an entrepreneur in my State. As if the testimony of these small businesses were not enough, there is a second reason to support extending the 2001 and 2003 tax relief for all Americans: A tax increase at this time on top earners would reduce consumer spending dramatically, cutting demand, and costing jobs at a time when our fragile economy can least afford it.

We have only to look at Peter Orszag's column in the New York Times—he was President Obama's former Budget Director—to underscore this point. He wrote that failing to extend the existing tax relief would “make an already stagnating job market worse.” He then went on to say:

Higher taxes now would crimp consumer spending, further depressing the already inadequate demand for what firms are capable of producing at full tilt.

Mr. Orszag is not alone in this view. Economist Mark Zandi has estimated that raising taxes on top earners would cost us 770,000 jobs and four-tenths of 1 percent of our GDP over the next 2 years. He cautions that earners in the top brackets are responsible for “one fourth of all [U.S.] Personal outlays,” and that a pullback in spending by these taxpayers could “derail the recovery.”

In light of this risk, Mr. Zandi has called the President's plan to raise taxes an “unnecessary gamble.” Mr. Zandi suggests that a middle ground where no one's taxes are increased until the recovery is firmly in place is where we should go.

That is essentially what I recommended to this body in September. I urged the Senate to take up legislation to extend the 2001 and 2003 tax relief for 2 more years. That is a middle ground. Surely, we ought to be able to come together and embrace that compromise. That will get us through the recession. It will send a strong signal to the business community to invest and create jobs. It would remove the uncertainty.

Here is my suggestion for what we should do during that 2-year period, since I see my colleague, Senator WYDEN, on the floor. During that time we could undertake comprehensive tax